

March 13, 2006

**VIA OVERNIGHT DELIVERY**

Ms. Doreen Wade  
President  
Freedom Broadcasting of Oregon, Inc.  
1440 Rossanley Drive  
Medford, OR 97501

Re: **Station Affiliation Agreement between Freedom Broadcasting of Oregon, Inc. and CBS for KTVL Medford ("CBS Affiliation Agreement").**

Dear Doreen,

Reference is made to the Affiliation Agreement ("the Agreement") between Freedom Broadcasting of Oregon, Inc., a wholly-owned subsidiary of Freedom Communications, Inc. ("Broadcaster") and CBS, dated January 29, 1996, as amended, regarding the affiliation of television station KTVL ("Station"), in Medford, Oregon with the CBS Television Network.

You and we mutually agree in this Letter Agreement to the following amendments and additional terms and conditions of the Agreement:

1. In order to clarify that Broadcaster's "first call" rights to Network Programs extend to such programs in digital format, you and we agree that the initial words of Paragraph 1 of the Agreement prior to the start of Subparagraph 1(a) shall be deleted and replaced by the following language:

**"1. Offer, Acceptance and Delivery of Network Programs**

Broadcaster shall have a "first call", as set forth below, on the program offerings of the CBS Television Network ("Network Programs"). Such "first call" rights shall apply to Network Programs in both analog and digital format, it being understood that, with respect to digital broadcasting, "Network Programs" shall refer to the "Primary Network Feed", which during the digital transition shall mean the digital version of those programs transmitted to CBS Affiliates for the purpose of analog broadcasting, and not to any additional program streams that may be transmitted by the Network (i.e., "multi-plexed" programming)."

2. In order to clarify that Broadcaster's network non-duplication protection rights apply to digital as well as analog broadcasting of Network Programs, you and we agree that the words "in analog and digital formats" shall be inserted into the second line of Subparagraph 9(b) of the Agreement after the words "network programming", so that the beginning of this subparagraph will read as follows:

"Broadcaster shall be entitled to exercise, within Affiliated Station's Network Exclusivity Zone, the protection against duplication of network programming in analog and digital formats,"

Also, due to modification of the FCC's regulations, you and we agree that the reference in the same Subparagraph 9(b) to "Section 76.92 through 76.97 of the FCC rules" shall be amended to read "Sections 76.92 through 76.95 of the FCC rules."

3. In addition, you and we agree to the following additional terms and conditions which shall be made part of the Agreement:

Station will, to the same extent as the Agreement provides for carriage of Network programs on its analog channel, transmit on such DTV channel the digital feed of such Network Programs in the technical format, consistent with the ATSC standards, provided by CBS, which shall be deemed to include the transmission by Station of all program related material, as defined below, provided by CBS which can be accommodated within a six MHz channel carrying a data stream of up to 19.4 megabits per second; provided, however, that nothing in the foregoing shall be deemed to prohibit Station from using digital compression technology in connection with the transmission by Station of all Network Programs and program-related material for so long as the use of such technology does not materially degrade the audio or video quality of the Primary Network Feed. It is expressly understood that this Agreement applies only to the Primary Network Feed in digital format of the program provided by the Network to its affiliated stations, together with any associated program related material, and that Broadcaster will in no event be required to carry additional Network digital programming (i.e., "multiplexed" programming). Consistent with and subject to the foregoing, the Station shall have the right to use any available portion of its digital signal for the purpose of transmitting local programs or any other material; provided, however, that in the event that CBS proposes that the Station carry Network multiplexed programming or ancillary data which is not "program-related material", Broadcaster agrees to negotiate in good faith with CBS regarding the terms pursuant to which such multiplexed programming or ancillary data may be carried. As used in this paragraph, "program-related material" shall mean (i) information and material of a commercial or non-commercial nature which is directly related to the subject

matter or identification of, or persons appearing in, the Network Programs, or to specific Network commercial advertisements or promotional announcements contained in the Network Programs, if such information or material is transmitted concurrently or substantially concurrently with the associated Network Program, commercial advertisement or promotional announcement, (ii) closed-captioning information, (iii) program identification codes, (iv) program ratings information, (v) alternative language feeds related to the programming, (vi) video description information, and (vii) such other material as may be essential to or necessary for the delivery or distribution of the Network Programs in digital format. Notwithstanding the above, Broadcaster shall retain the right to utilize up to 5 megabits per second of its digital capacity for its own purposes, provided, that such use does not, in the reasonable engineering judgment of CBS, materially degrade the quality of any CBS HDTV programming. CBS agrees to negotiate in good faith with Station regarding the offer of CBS' programming for video-on-demand subscription or pay services through Station's digital spectrum.

4. Subject to the FCC's Right to Reject under Section 73.658(e) of the FCC's Rules, and superseding previous understandings regarding clearance of network programming, Station will provide and maintain full, in-pattern clearance of all programs (or, any program's replacement) on the CBS Television Network program schedule in all day-parts (including, but not limited to, Weekend Sports programming), in accordance with the foregoing and the attached Schedule A. Except for preemptions made pursuant to the FCC's Right to Reject Rule, Station agrees not to downgrade, delay, cancel or change time periods of any Network Program without the written consent of CBS. Station agrees to broadcast such Network Program in its entirety (including but not limited to commercial announcements, billboards, credits, public service announcements, promotional announcements and network identification), without interruption, alteration, deletion or addition of any kind, from the beginning of the Network Program to the final system cue at the conclusion of the Network Program. Any expansion of Network programmed time periods as set forth in Schedule A shall be subject to mutual agreement. Further, the parties agree that clearance of any additional network weekend sports programming above the current level shall be subject to mutual consent.

Further, Station agrees (i) to continue to provide live clearance of the "full-network" format of *THE EARLY SHOW* (or its replacement), 7:00-9:00am local time, Monday-Friday; and (ii) to provide clearance of at least two (2) hours per weekday of the overnight service *UP TO THE MINUTE* (or its replacement).

Broadcaster agrees to limit one-time-only primetime preemptions to no more than 15 hours per calendar year allocated proportionally in partial years ("the Primetime

Preemption Cap"). For any Primetime preemption beyond 15 hours and up to 20 hours annually, the Station agrees to pay CBS \$2,866 per hour (the "Primetime Preemption Fee"). Any Primetime preemption beyond 20 hours annually shall be considered a breach of the Affiliation Agreement unless such preemptions are made pursuant to Section 73.658(e) of the FCC's rules.

Similarly, Broadcaster agrees to limit one-time-only preemptions of Weekend Sports programming to no more than 5 hours per calendar year allocated proportionately in partial years ("the Weekend Sports Cap"). For any Weekend Sports preemption beyond 5 hours and up to 10 hours annually, the Station agrees to pay CBS \$275 per hour (the "Weekend Preemption Fee"). Any Weekend Sports preemption beyond 10 hours annually shall be considered a breach of the Affiliation Agreement unless such preemptions are made pursuant to Section 73.658(e) of the FCC's rules.

Station will promptly notify CBS of any preemption and payment of any Preemption Fee will be made within sixty (60) days of the written notification from CBS of the amount due.

It is understood that Station's obligations pursuant the above provisions shall be subject to Station's rights under Section 73.658 (e) of the FCC's rules and Paragraph 5 (a) of the Agreement, and that Station's exercise of such rights shall in no event be deemed a breach of the obligations set forth in the above paragraph and shall not count against the Primetime Preemption Cap or the Weekend Sports Cap as set forth above; provided, however, that nothing in the foregoing will be construed to permit Station to preempt a program, regardless of the reason for the preemption, in its live or agreed time period, and then broadcast such program in a different time period, without the express written consent of CBS. Station agrees to use good faith efforts to make-good in a mutually agreed upon time period (CBS acknowledges late night as an acceptable time period) all primetime preemptions made for reasons other than the Right to Reject Rule as defined in Section 73.658(e) of the FCC rules.

5. This Letter Agreement and the terms herein shall become effective February 1, 2006 and Paragraph 3(a) of the Agreement shall be deleted and replaced by the following new Paragraph 3(a):

"3. Term and Termination.

(a) Term.

The term of this Agreement shall be the period commencing on February 1, 2006 and expiring on January 31, 2016. Notwithstanding any provision of any offer or acceptance under Paragraph 1 hereof, upon the expiration or any termination of the term of this Agreement, Broadcaster shall have no right whatsoever to broadcast over Affiliated Station any Network Program."

6. Station agrees to use reasonable business judgment in considering participation in CBS' Coop and Promo Swap Programs provided the elements of such Programs remain similar to the current Programs. In the event Station does participate in CBS' Coop Program in contiguous years and the CBS Marketing Coop Budget is increased in any given year, CBS agrees to increase Station's amount of matching proportionately.
7. Station agrees to abide by the standard CBS Service Mark requirements specifying acceptable ways Station may utilize the CBS Eye Service Mark in on-air and print advertising.
8. The Affiliated Station's Annual Net Compensation as specified in Paragraphs 2(a) through 2(c) of the Agreement will be revised to the amount shown below on the indicated Effective Date:

<u>Effective Date</u>	<u>Annual Net Compensation</u>
February 1, 2006-January 31, 2007	\$667,000
February 1, 2007-January 31, 2008	\$333,000
February 1, 2008-January 31, 2016	\$0

The foregoing represents CBS's total financial contribution to Station during this Term and supersedes all previous agreements with respect thereto, including, but not limited to, all compensation, promotion and capital contributions. Payments of Annual Net Compensation shall be paid in twelve (12) equal installments and shall be due and payable monthly, in arrears, within 20 days from the end of each calendar month during the applicable period for which Annual Net Compensation is due. All references in the Agreement to Network Rate shall be deleted.

9. In order to clarify the circumstances under which CBS may terminate the Agreement as a result of Station's modification to its FCC license, Paragraph 3(c) of the Agreement is amended to:

insert "in any material respect" at the end of the first sentence; and  
add at the end the following new sentence:

"Notwithstanding the foregoing, CBS shall have no right to terminate this Agreement as a result of any modification to the transmitter location, power or frequency of the Station as a result of the transition to digital television unless such modification materially degrades the audio or video quality of the Primary Network Feed or the coverage of the Station's signal."

10. In order to modify each party's right to terminate the Agreement following a breach by the other party, Paragraph 3(d) of the Agreement shall be deleted and replaced with the following:

"Each party, effective upon 60 days notice to the other (or upon 10 business days notice in connection with the failure to make any payment when due), may, in addition to its other rights, terminate this Agreement if any material representation, warranty or agreement of the other party contained in this Agreement has been breached, and such breach has not been cured within such 60 day period (or 10 business day period, in the case where such breach arises from the failure to pay money when due)."

11. In order to implement new terms pertaining to the assignment of the Agreement to a new owner in the event the Station is sold, you and we agree that Paragraph 3(b) of the Agreement is hereby deleted and replaced by the following new Paragraph 3(b):

"3. Term and Termination.

(b) Termination on Transfer of License or  
Interest in Broadcaster.

Broadcaster shall notify CBS forthwith if any application is made to the Federal Communications Commission relating to a transfer either of any interest in Broadcaster or of Broadcaster's license for Station. In the event that that proposed transferee is (i) an entity which owns, controls or has five (5) percent or greater equity interest in either the ABC Television Network, the Fox Television Network, the NBC Television Network or the WB Television Network, or any successor of those networks (a "Competing Network") or (ii) is an entity in which any owner, parent, subsidiary or affiliated entity of a Competing Network has a five (5) percent or greater equity interest, then CBS shall have the right to terminate this Agreement effective as of the effective date of any such transfer by

giving Broadcaster notice thereof, within thirty (30) days after the date on which Broadcaster gives CBS notice of such application. If the preceding sentence does not apply (in which case CBS shall have no termination right), or if CBS does not timely terminate this Agreement in accordance with the preceding sentence, Broadcaster shall, prior to the effective date of any such transfer of any interest in Broadcaster or of Broadcaster's license for Station, and as a condition precedent to such transfer, procure and deliver to CBS, in form reasonably satisfactory to CBS, the agreement of the proposed transferee that, upon consummation of the transfer, the transferee will unconditionally assume and perform all obligations of Broadcaster under this Agreement. Upon delivery of such agreement to CBS, the provisions of this Agreement applicable to Broadcaster shall, effective upon the date of such transfer, be applicable to such transferee. Broadcaster's obligations to procure the assumption of this Agreement by any transferee of Affiliated Station as a condition precedent to such transfer shall be deemed to be of the essence of this Agreement; further, Broadcaster expressly recognizes that money damages will be inadequate to compensate CBS for the breach of such obligation, and that CBS shall accordingly be entitled to equitable relief to enforce the same.

12. In order to implement new terms pertaining to CBS' right to cancel Station's network non-duplication rights, you and we agree that Paragraph 9(c) of the Agreement is hereby deleted and replaced by the following new Paragraph 9(c):

(c) Station's network non-duplication rights under this paragraph shall be subject to cancellation by CBS on six (6) months written notice to Station; provided, that (i) Station is not being carried by the relevant cable system at the time CBS provides Station with such notice; (ii) in the event the cable system begins carrying Station during the six (6) month notice period, CBS will retract its notice of cancellation; and (iii) CBS will not directly inform any cable system or other third party that it has such cancellation rights or that it has given notice canceling such rights. Such cancellation by CBS shall not affect any of the other rights and obligations of the parties under this Agreement.

13. In order to reflect that television markets now generally are defined with reference to Nielsen DMAs rather than with reference to Arbitron ADIs, you and we agree that in Subparagraph 9(a) of the Agreement the language "the Area of Dominant Influence (ADI), as determined by Arbitron and published in the then-current edition of its Television ADI Market Guide," shall be stricken and replaced with the following: "the Designated Market Area (DMA), as most recently determined by the A.C. Nielsen Company,".

14. In order to permit notices pursuant to the Agreement to be made by facsimile delivery, you and we agree that the word "facsimile" shall be inserted between "personal delivery," and "mail" in the first sentence of Subparagraph 11(d) of the Agreement, so that the beginning of the subparagraph will read as follows:

"11(d) Unless specified otherwise, all notices given hereunder shall be given in writing by personal delivery, facsimile, mail,"

15. The terms of this Letter and Affiliation Agreement, and discussions related thereto (the "Confidential Information"), will not be disclosed to anyone who is not either employed by the Station or the corporate ownership of the Station and such disclosure shall be subject to the employees agreement to this Confidentiality provision; it being understood, however, that adherence to FCC filing and disclosure requirements will not constitute a violation of this point; provided, that all terms not required to be disclosed by the FCC are redacted. Any press release regarding the terms of this negotiation or Agreement, shall be made jointly by the parties. If Broadcaster or any of its affiliates or representatives is required by any law, regulation, legal process, or the requirement of any stock exchange or market on which the securities of Broadcaster or its affiliates are listed, to disclose any Confidential Information, the Broadcaster shall (i) immediately notify CBS in writing, (ii) consult with and assist CBS in obtaining an injunction or other appropriate remedy to prevent disclosure, and (iii) use its best efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded to any Confidential Information, as may be requested by CBS. Broadcaster acknowledges and agrees that because an award of money damages is inadequate for any breach of this Section and because any breach causes CBS irreparable harm, in the event of any breach or threatened breach of this Section, CBS is entitled to equitable relief, including injunctive relief and specific performance, without the posting of a bond or other security and without proof of actual damages, in addition to any and all other remedies available to CBS. Any press release in connection with entering into this Agreement shall be made jointly by the parties. Notwithstanding any other provision of this Agreement to the contrary, this Section shall survive the expiration or termination of this Agreement.

Further, it is hereby ratified and reaffirmed that throughout this Term the: (i) terms of the September 23, 1998 and October 22, 2001 Letter Agreements between you and us which established, among other things, Station's NFL Contribution and placed various program exclusivity requirements on the Network shall remain in full force and effect per the terms of that Letter Agreement (plus any increase or renewals agreed to by the parties and by other affiliates representing 95% of non-owned DMA coverage) (ii) Station's



participation in the NCAA Exchange Value Program will continue as set forth in the December 2, 2003 Letter Agreement; and (iii) Station's participation in CBS Newspath and NNS shall continue throughout the Term at the current rate of \$75,458, plus 3% annual increases effective on October 1, 2006, and, thereafter, by such annual increases agreed to by the parties, and Station agrees to the terms and conditions implemented by CBS Newspath and NNS with respect to such services. The parties agree that Station's current level of local inventory in non-primetime periods will remain the same through the Term.

As herein amended, all terms and conditions of the Agreement are ratified and confirmed. All individual reference herein to Station or Broadcaster shall apply to both collectively.

Four originals of this Letter Agreement are enclosed. Please indicate your approval by signing each original in the space provided below and return all originals to me for counter-execution. We will return two fully executed originals to you.

Accepted and agreed:

Freedom Broadcasting of  
Oregon, Inc.

CBS AFFILIATE RELATIONS  
A Unit of CBS Broadcasting, Inc.

Deleted: COMPANY

By: \_\_\_\_\_  
Doreen Wade  
President

By: \_\_\_\_\_  
Peter K. Schruth  
President

cc: P. Schruth, D. Comisar, P. Farr, E. Tokarz

### Schedule A KTVL Medford

Current Clearance of CBS Programming on KTVL (all times local):

#### **Monday-Friday**

CBS Morning News	5:30-6:00am
The Early Show	7:00-9:00am (full-network format)
Price Is Right	10:00-11:00am
Young & Restless	11:00am-12:00pm
Bold & Beautiful	12:30-1:00pm
As The World Turns	1:00-2:00pm
Guiding Light	2:00-3:00pm
CBS Evening News	5:30-6:00pm
Prime Time	8:00-11:00pm
Late Show	11:35pm-12:37am
Late Late Show	12:37am-1:37am
Up To The Minute	Minimum 2 hours per day

#### **Saturday**

Saturday Early Show:	5:00-7:00am
Kids Programming:	7:00-10:00am
Sat. Evening News	6:30-7:00pm
Prime Time	8:00-11:00pm

#### **Sunday**

CBS Sun. Morning	7:00-8:30am	August-April
	8:00-9:30am	April-August
Face The Nation	8:30-9:00am	August-April
	9:30-10:00am	April-August
Sun. Evening News	6:30-7:00pm	
Prime Time	7:00-11:00pm	